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SUPPLEMENT TO
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COUNTRY Hungary/USSR

SUBJECT Reorganization of Hungarian Oil and Bauxite Industries

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INFO.

1. During the month of December 1949 representatives of the Hungarian and USSR Governments met in Moscow to discuss the reorganization of Hungary's oil and bauxite industries. Negotiations ended with complete agreement on 31 December 1949. Early in January 1950, the Hungarian Government expedited the ratification of this agreement and implementing decrees were published as No. 26/1950 M.T./Oel/und 27/1950 M.T./Bauxit.

2. This agreement stipulates that:

a) The present Hungarian-Soviet oil enterprises, "Maszovci" and "Molaj", will immediately cease operations as independent firms and be incorporated within the recently established "Ungarisch-Sowjetische Oel Aktiengesellschaft" ("Maszolaj") which has taken over all the rights and privileges of these enterprises (for example, exemption from taxation).

The seat of "Maszolaj" is Budapest; original capital 160,000,000 (Gulden), consisting of 16 shares each having a nominal value of 10,000,000 forints, of which six are Hungarian and six Soviet-owned.

It appears that neither party can outvote (majorisieren) the other, but according to paragraph 1, subparagraph 14, of the statutes, the General Director of this firm will be chosen by the Soviets and according to paragraph 2, subparagraph 14, will have unlimited control over the firm's property, money, legal affairs i.e. making of contracts, movable and immovable property, earnings, debts etc. In addition the General Director may hire, promote and dismiss employees without reference to the firm's directors. This clause and the fact that the statutes have not been submitted to a legislative authority and have not been published make it clear that the agreement is a travesty and that the Soviet Union has de facto control over Hungary's oil industries. The full Russian name for "Masolaj" is "Sovetskoye-Vengerskoye Naftyanoye Aktsionernoye Obshchestvo".

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b) The situation of Hungarian bauxite industries is identical with that of the oil enterprises. According to directive No. 27/1950 M.T., the following established Hungarian bauxite firms will be abolished immediately:

- 1) Aluminiumberg Banya es Ipar R.T. (Aluminium- und Bergbau- und Industrie Aktiengesellschaft)
- 2) Victoria Vegyeszeti Művek R.T. (Victoria Chemische Werke A.G.)
- 3) Tapolcai Banya R. T. (Tapolcaer Gruben A.G.)*
- 4) Zalai Bauxitbanya R.T. (Bauxitbergwerks A.G.)*
- 5) Magyar Bauxitbanya R.T. (Ungarische Bauxitgruben Aktiengesellschaft)

3. The aforementioned five firms are to be incorporated within the recently established "Ungarisch-Sowjetische Bauxit-Aluminium Aktiengesellschaft", which is known as "Masobol", the Russian name of which is "Sovjetskoye-Tungerskoye-Boksit-Aluminiyevoye Aktsionernoye Obshchestvo".

Comment: These firms are not listed in the 1944 Hungarian Compass.

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